Federal Aviation
Administration

Air Traffic Organization (ATO)

Service Area Office Location Study

October 2005

Executive Summary

This report describes the process and rationale used in recommending sites for the restructured Federal Aviation Administration's (FAA) Air Traffic Organization (ATO) Service Area offices.

In 2004, the ATO's Chief Operating Officer (COO) made a decision to consider restructuring the ATO Service Area offices[1] and centralizing the managerial, administrative, and business support functions for these Service Area offices at three area office sites: one each in the Eastern, Central, and Western Service Areas. The decision to restructure the Service Area offices was made to reduce overhead positions and operating costs, and eliminate redundancies. Additionally, the decision to restructure focused on improving the efficiency of operations and effectiveness of service.

Following the COO's 2004 decision, an ATO Next Steps Transition Workgroup (see Appendix A) was established to evaluate potential locations for three restructured Service Area offices, and evaluate and realign the existing field office structure. The workgroup conducted this evaluation by identifying site selection criteria, rating and ranking potential sites, and recommending three locations.[2]

Site Selection Criteria

To aid in its site selection, the Next Steps Transition Workgroup established quantitative and qualitative criteria for evaluating potential sites. The workgroup used these criteria to determine the best locations for the restructured Service Area offices within each Service Area. Criteria were grouped under the following factors:

- Effect of restructuring on services provided
- Cost analyses
- Quality of Life/Demographic factors

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1 The function of the ATO Service Area office is to provide management support for En Route, Terminal, Technical Operations, System Operations, and Flight Services facilities within its designated service area. This includes resource management, quality assurance, National Airspace System (NAS) systems management, airspace and operations, traffic management and security, engineering and NAS system implementation. (Although the functions performed by the Technical Operations Implementation Engineering and Operations personnel fall under the Service Area Office, the majority of these functions will most likely remain unaffected during this phase of restructuring). Currently, Service Area offices are located in each of the nine FAA regional offices.

2 The site selection methodology employed by the Next Steps Transition Workgroup was consistent with the fundamental principles of government site selection. (See General Services Administration's *Site Selection Guide* at http://www.gsa.gov/Portal/gsa/ep/).

Findings

Initially, the Next Steps Transition Workgroup looked at the effect of restructuring on services provided. The workgroup determined the nature of the work performed by personnel at ATO Service Area Offices was not dependent on any specific geographical location. Restructuring considerations flowed from this basic premise. Today, for example, most of the ATO service delivery points, which are located throughout the United States, are direct recipients of ATO support services. Of note, these ATO service delivery points are located in cities other than those with Area Offices. Another example involves ATO's requirement for interaction with state and local government officials, and with port authorities. The nature of this interaction was found to be cyclical and not limited to any particular geographical location.

Next, the workgroup determined it was important to select sites that provided a single FAA point of contact for internal and external customers, and other aviation industry stakeholders. Since key FAA points of contact were already located at the nine existing Regional Offices, it was felt these offices would provide a good starting point for selecting restructuring sites.

Also important was the accessibility of a restructuring site to a major air carrier airport – an airport that provided a reasonable number of flight options and venue choices. The workgroup found that events requiring services and support were cyclic, distributed throughout the Service Area, and frequently required air travel by senior management and other Service Area support personnel. Given the importance of travel in providing Area office services, some sites offered considerable advantages over others. Anchorage, for instance, was deemed less favorable than other potential sites due to the limited flight/destination options available from the Anchorage airport.

Cost was the second criterion used by the Next Steps Transition Workgroup for site selection. The workgroup performed two cost analyses, one based on locality pay and another on employee relocation costs. Based on annual costs of locality pay, the most cost effective sites for the restructuring of ATO Service Area Offices in the Eastern, Central, and Western Service Areas were determined to be Atlanta, Kansas City, and Seattle, respectively. Projected cost savings for locality pay over a ten-year period ranged from an estimated $37.84 million to $40.54 million. In the area of Employee Relocation Costs, the most cost effective sites for the restructuring of ATO Service Area Offices in the Eastern, Central, and Western Service Areas were New York, Fort Worth, and Los Angeles, respectively.

An additional area of cost considered by the workgroup involved office space availability at each of the nine potential sites. Informal survey results on the availability of office space at the existing nine Regional Offices indicated that Atlanta, Fort Worth, and Seattle were the most feasible sites within their respective Areas for restructuring ATO Service Area offices. Not only did these locations make sense from the standpoint of extant space availability, but they also made sense from a "least cost" and "least time to implement" perspective.

The third area used by the workgroup to evaluate potential sites for the future Service Area offices was the Quality of Life/Demographic Factors. The workgroup examined various factors in several airline industry and federal government studies in order to derive a set of Quality of Life/Demographic factors that would form the basis for comparing each of the nine potential sites for Service Area office restructuring. The following Quality of Life/Demographic factors were chosen by the workgroup.

- Cost of Living Index
- Home Cost Index
- Local Taxes
- Climate
- Crime Rate
- Local Diversity
- Air Quality
- Local Education
- Ability to Recruit/Retain
- Educational Opportunities
- Transportation (Commute)

The Quality of Life/Demographic factors were rated for each of the nine potential restructuring sites using a Likert-like scale that ranged from a low of 0 points (*Major Disadvantage*) to a high of 5 points (*Major Advantage*). The sites having the highest point totals for the Quality of Life/Demographics factors in each Service Area were considered for recommendation as restructuring sites. Based upon the workgroup's Quality of Life/Demographics factor ratings, Atlanta, Fort Worth, and Seattle emerged as the leading contenders for the Eastern, Central, and Western Service Area restructuring sites, respectively.

Conclusions

To determine the best sites for restructuring the Service Area Offices, the Next Steps Transition Workgroup aggregated the rankings and ratings for each of the nine potential sites against the chosen evaluation criteria. Atlanta, Ft Worth, and Seattle ranked either first or second in each of the following rated categories: average commute times; locality pay, cost of PCS moves, availability of office space, and Quality of Life/Demographic factors. Additionally, these three sites each had positive ratings for the flight destination options and office space availability criteria. Although other sites ranked first in some categories, overall, Atlanta Fort Worth, and Seattle emerged as the leading contenders for Service Area Office restructuring in their respective Service Areas. Thus, the data showed that Atlanta, Ft Worth, and Seattle are the sites best suited for Service Area Office restructuring.

Recommendations

Based on an examination of the supporting data and the conclusions drawn above, the Next Steps Transition Workgroup recommends the sites below as the locations for the restructured Service Area Offices.

- Eastern Service Area – The regional office located in Atlanta, Georgia
- Central Service Area – The regional office located in Fort Worth, Texas
- Western Service Area – The regional office located in Seattle, Washington

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Purpose

This report describes the process and rationale used in recommending sites for restructuring the Federal Aviation Administration's (FAA) Air Traffic Organization (ATO) Service Area offices.

Background

In 2004, the ATO's Chief Operating Officer (COO) made a decision to consider restructuring the ATO Service Area offices[3] and centralizing the managerial, administrative, and business support functions for these Service Area offices at three area office sites: one each in the Eastern, Central, and Western Service Areas. The decision to restructure the Service Area offices was made to reduce overhead positions and operating costs, and eliminate redundancies. Additionally, the decision to restructure focused on improving the efficiency of operations and effectiveness of service.

Following the COO's 2004 decision, an ATO Next Steps Transition Workgroup (see Appendix A) was established to evaluate potential locations for three restructured Service Area offices, and evaluate and realign the existing field office structure. The workgroup conducted this evaluation by identifying site selection criteria, rating and ranking potential sites, and recommending three locations.[4]

Site Selection Criteria

To aid in its site selection, the Next Steps Transition Workgroup established quantitative and qualitative criteria for evaluating potential sites. The workgroup used these criteria to determine the optimum location for the restructured Service Area offices within each Service Area. Criteria were grouped under the following factors:

- Effect of restructuring on services provided
- Cost analyses
- Quality of Life/Demographic factors

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[3] The function of the ATO Service Area office is to provide management support for En Route, Terminal, Technical Operations, System Operations, and Flight Services facilities within its designated service area. This includes resource management, quality assurance, National Airspace System (NAS) systems management, airspace and operations, traffic management and security, engineering and NAS system implementation. (Although the functions performed by the Technical Operations Implementation Engineering and Operations personnel fall under the Service Area Office, the majority of these functions will most likely remain unaffected during this phase of restructuring). Currently, Service Area offices are located in each of the nine FAA regional offices.

[4] The site selection methodology employed by the Next Steps Transition Workgroup was consistent with the fundamental principles of government site selection. (See General Services Administration's *Site Selection Guide* at http://www.gsa.gov/Portal/gsa/ep/).

Discussion and Findings

Effect of Restructuring on Services Provided

Initially, the Next Steps Transition Workgroup looked at the effect of restructuring on services provided. The workgroup determined the nature of the work performed by personnel at ATO Service Area Offices was not dependent on any specific geographical location. Restructuring considerations flowed from this basic premise. Today, for example, most of the ATO service delivery points, which are located throughout the United States, are direct recipients of ATO support services. Of note, these ATO service delivery points are located in cities other than those with Area Offices. Another example involves ATO's requirement for interaction with state and local government officials, and with port authorities. The nature of this interaction was found to be cyclical and not limited to any particular geographical location.

The workgroup determined another important consideration in the effect of restructuring on services provided was the accessibility of a site to a major air carrier airport – an airport that provided a reasonable number of flight options and venue choices. The workgroup found that events requiring services and support were cyclic, distributed throughout the Service Area, and frequently required air travel by senior management and other Service Area support personnel. Given the importance of travel in providing these services, some sites offered considerable advantages over others. Anchorage and Kansas City, for instance, were deemed less favorable than other potential sites due to the limited flight/destination options.

Also critical in evaluating the effect of restructuring on services provided was the importance of selecting sites that provided a single FAA point of contact for internal and external customers, and other aviation industry stakeholders. For example, FAA customers needing to discuss ATO issues that crossed operations domains, e.g., terminal and en route operations could interface with the FAA office at a single location, versus having to contact or visit two separate locations.

Given a desire to collocate the ATO with other FAA organizations, coupled with the need to establish a single point of contact for internal and external customers and other stakeholders in the aviation industry, the workgroup decided to use the existing nine Regional Office locations as the starting point for choosing potential Area Office sites (See Appendix A). The Regional Office locations are as follows:

- Eastern Service Area:[5] College Park, Georgia, Burlington, Massachusetts; and Jamaica, New York
- Central Service Area:[6] Des Plaines, Illinois; Kansas City, Missouri; and Fort Worth, Texas

[5] Hereafter in this document, the Eastern Service Area offices are referred to as Atlanta, Boston, and New York.

- Western Service Area:[7] Anchorage, Alaska; Los Angeles, California; and Renton, Washington

A description of each service area follows.

Eastern Service Area

General Information: The Eastern Service Area comprises three FAA regions: New England (ANE), Eastern (AEA), and Southern (ASO). Based on FY 2005 staffing data, the move population from these three locations would total 267 positions: 70 from ANE, 105 from AEA, and 92 from ASO.

Access to Major Airports: All regional offices in the service area are located near a major airport that offers numerous flight/destination options.

Commute Times:[8] According to U.S. Census Bureau data, Atlanta had the lowest average commute time of the three sites considered. Boston's was 12% higher and New York's was 60% higher.

- ANE Regional Office - The regional office is located in Burlington, Massachusetts. It is approximately 20 miles from Logan International Airport. Data used in this analysis were based on information from the city of Boston, Massachusetts.
- AEA Regional Office - The regional office is located in Jamaica, NY and is approximately 2 miles from John F. Kennedy International Airport. Data used in this analysis were based on information from the city of New York, New York.
- ASO Regional Office - The regional office is located in College Park, Georgia. It is approximately 1.5 miles from Hartsfield Atlanta International Airport. Data used in this analysis were based on information from the city of Atlanta, Georgia.

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6 Hereafter in this document, the Central Service Area offices are referred to as Chicago, Kansas City, and Fort Worth.

7 Hereafter in this document, the Western Service Area offices are referred to as Anchorage, Los Angeles and Seattle.

8 The workgroup recognized that high commute times could adversely affect the ability to attract and retain a qualified and diverse workforce at a particular location. High commute times were also a factor at locations having higher housing costs, as employees may need to locate further away from the office in order to find affordable housing.

Central Service Area

General Information: The Central Service Area comprises three FAA regions: Great Lakes (AGL), Central (ACE), and Southwest (ASW). Based on FY 2005 staffing data, the move population from these three locations would total 258 positions: 95 from AGL, 64 from ACE, and 99 from ASW.

Access to Major Airports: The Great Lakes and Southwest Regional offices are both located near a major airport that offers numerous flight/destination options. Although the Central Regional office is near an airport, there are fewer scheduling options from this airport than at the airports near the Great Lakes or Southwest regional offices. Thus, locating a restructured Service Area office at the existing Central Regional Office may limit flexibility in travel arrangements and potentially increase travel time and costs for the ATO.

Commute Times: According to U.S. Census Bureau data, Kansas City had the lowest average commute time of the sites considered. Fort Worth's time was slightly higher (9%) and Chicago's was significantly higher (60%).

- AGL Regional Office - The regional office is located in Des Plaines, Illinois. It is approximately 4 miles from O'Hare International Airport. Data used in this analysis were based on information from the city of Chicago, Illinois.
- ACE Regional Office - The regional office is located in Kansas City, Missouri. It is approximately 19 miles from Kansas City International Airport. Data used in this analysis were based on information from the city of Kansas City, Missouri.
- ASW Regional Office - The regional office is located in Fort Worth, Texas. It is approximately 20 miles from Dallas/Fort Worth International Airport. Data used in this analysis were based on information from the city of Fort Worth, Texas.

Western Service Area

General Information: The Western Service Area comprises three FAA regions: Alaska (AAL), Northwest Mountain (ANM), and Western-Pacific (AWP). Based on FY 2005 staffing data, the move population from these three locations would total 231 positions: 39 from AAL, 86 from ANM, and 106 from AWP.

Access to Major Airports: The Western-Pacific and Northwest Mountain Regional offices are both located near a major airport. Although the flight/destination options for Los Angeles may be slightly more robust than for Seattle, many of the Los Angeles options involve international locations. When considering flights within the Western Service Area and flights to and from many destinations within the Continental United States, Seattle offers adequate flight/destination options.

While the Alaska Regional office is located near an airport, flight/destination options are significantly less than at either Western-Pacific or Northwest Mountain regions. In addition, travel to and from Alaska would result in significantly higher travel times and costs, severely limiting an ATO representative's ability to travel in a time- and cost-efficient manner.

Commute Times: According to U.S. Census Bureau data, Anchorage had the lowest average commute time of the three sites considered. Seattle's time was 40% higher than Anchorage. Los Angeles had the highest commute time, 60% higher than Anchorage and 12% higher than Seattle.

- AAL Regional Office - The regional office is located in Anchorage, Alaska, approximately 7 miles from Anchorage International Airport. Data used in this analysis were based on information from the city of Anchorage, Alaska.
- ANM Regional Office - The regional office is located in Renton, Washington, approximately 4 miles from Seattle-Tacoma International Airport. Data used in this analysis were based on information from the city of Seattle, Washington.
- AWP Regional Office - The regional office is located in Hawthorne, California, approximately 5 miles from Los Angeles International Airport. Data used in this analysis were based on information from the city of Los Angeles, California.

Cost Analyses

Cost was the second criterion used by the Next Steps Transition Workgroup for site selection. The workgroup performed two cost analyses, one based on locality pay and another on employee relocation costs. An additional area of cost considered by the workgroup involved office space availability at each of the nine potential sites.

Locality Pay

The workgroup calculated the locality pay[9] for the potential sites within each Service Area. Additionally, the workgroup computed the annual cost of locality pay for each potential site, and determined the annual cost differences among sites within each Service Area. Cost differences among sites were expressed as comparisons to the least expensive option.

Eastern Service Area

Table 1 shows the locality pay comparisons for the potential sites in the Eastern Service Area. Atlanta was the least expensive option for locality pay. Atlanta's locality pay percentage of 13.87% was lower than that of New York and Boston. The annual cost of locality pay for Atlanta was $2,901,000. Compared to Atlanta, Boston's annual cost was nearly $1.0 million higher and New York's was approximately $1.5 million higher.

Table 1. Eastern Service Area Site Comparisons

Potential Site	Locality Pay %	Annual Cost of Locality Pay	Annual Cost Difference Compared to Least Expensive Option
Atlanta	13.87%	$2,901,000	$0
Boston	18.49%	$3,867,000	$966,000
New York	20.99%	$4,390,000	$1,489,000

Central Service Area

Table 2 shows the locality pay comparisons for the potential sites in the Central Service Area. Kansas City was the least expensive option for locality pay. Kansas City's locality pay percentage of 12.36% was lower than that of Fort Worth and Chicago. The annual cost of locality pay for Kansas City was approximately $2.4 million. Compared to Kansas City, Fort Worth's annual cost was $524,000 higher and Chicago's was approximately $1.42 million higher.

[9] The locality pay analysis was performed using 1st Quarter FY2005 data, i.e., personnel salary and locality rates. The move population is assumed to include all Technical Operations (less the majority of ANI and -470 operations personnel), Terminal, En Route, and Flight Service Station personnel. Locality pay calculations are expressed as a percentage above an average annual salary. The average annual salary of the move population is approximately $76,000 dollars.

Table 2. Central Service Area Site Comparisons

Potential Site	Locality Pay %	Annual Cost of Locality Pay	Annual Cost Difference Compared to Least Expensive Option
Kansas City	12.36%	$2,390,000	$0
Fort Worth	15.07%	$2,914,000	$524,000
Chicago	19.70%	$3,809,000	$1,419,000

Western Service Area

Table 3 shows the locality pay comparisons for the potential sites in the Western Service Area. Seattle was the least expensive option for locality pay. Seattle's locality pay percentage of 16.36% was lower than that of Los Angeles and Anchorage. The annual cost of locality pay for Seattle was approximately $2.9 million. Compared to Seattle, Los Angeles' annual cost was approximately $900,000 higher and Anchorage's was approximately $1.5 million higher.

Table 3. Western Service Area Site Comparisons

Potential Site	Locality Pay %	Annual Cost of Locality Pay	Annual Cost Difference Compared to Least Expensive Option
Seattle	16.53%	$2,886,000	$0
Los Angeles	21.65%	$3,780,000	$894,000
Anchorage	25.00% (COLA)	$4,365,000	$1,479,000

Locality Pay Findings: Based on annual costs of locality pay, the most cost effective sites for restructuring ATO Service Area Offices in the Eastern, Central, and Western Service Areas are Atlanta, Kansas City, and Seattle, respectively.

Employee Relocation Costs

The second area of cost examined by the workgroup was that associated with employee relocation. As ATO restructuring necessitates establishing a single Service Area office in the Eastern, Central, and Western Service Areas, permanent change of station (PCS) moves may be required for employees to relocate from the other six Service Area locations to the new restructured Service Area office. For each of the Service Areas, the workgroup modeled the costs associated with the number of PCS moves[10] needed to relocate employees from two sites within a Service Area to a third site. The workgroup then computed the difference in

[10] The number of PCS moves used in modeling was based on 1st quarter, FY05 staffing (less 10% for attrition).

cost between the least expensive option[11] (used as a baseline) and the other two options. Tables 4, 5, and 6, show modeled employee relocation cost comparisons for the Eastern, Central, and Western Service Areas, respectively.

When considering employee relocation costs in the Eastern Service area, New York proved to be the most cost effective site for restructuring. Requiring approximately 146 PCS moves, the total cost of PCS moves for New York was estimated at $11.68 million (see Table 4). The estimated PCS costs for Atlanta and Boston were $960,000 and $2.48 million dollars more than New York, respectively.

Table 4. Eastern Service Area: Permanent Change of Station Costs

Potential Site	Number of PCS Moves	Cost	Cost Difference Compared to Least Expensive Option
New York	146	$11,680.000	$0
Atlanta	158	$12,640,000	$960,000
Boston	177	$14,160,000	$2,480,000

In the Central Service Area, Fort Worth proved to be the most cost effective site for restructuring when it came to employee relocation costs. Requiring approximately 143 PCS moves, the total cost of PCS moves for Fort Worth was estimated at $11.44 million (See Table 5). The estimated PCS costs for Chicago and Kansas City were $320,000 and $2.56 million dollars more than Fort Worth, respectively.

Table 5. Central Service Area: Permanent Change of Station Costs

Potential Site	Number of PCS Moves	Cost	Cost Difference Compared to Least Expensive Option
Fort Worth	143	$11,440,000	$0
Chicago	147	$11,760,000	$320,000
Kansas City	175	$14,000,000	$2,560,000

In the Western Service Area, Los Angeles proved to be the most cost effective site for restructuring when it came to employee relocation costs. Requiring approximately 113 PCS moves, the total cost of PCS moves for Los Angeles was estimated at $9.04 million (See Table 6). The estimated PCS costs for Seattle and Anchorage were $1.44 million and $4.8 million dollars more than Los Angeles, respectively.

[11] New York, Fort Worth, and Los Angeles require the least number of PCS moves and are used as the baseline for determining cost differences. Relocation costs used in modeling are assumed to be $80,000 per move.

Table 6. Western Service Area: Permanent Change of Station Costs

Potential Site	Number of PCS Moves	Cost	Cost Difference Compared to Least Expensive Option
Los Angeles	113	$9,040,000	$0
Seattle	131	$10,480,000	$1,440,000
Anchorage	173	$13,840,000	$4,800,000

Employee Relocation Cost Findings: Based on PCS costs, the most cost effective sites for the restructuring of ATO Service Area Offices in the Eastern, Central, and Western Service Areas are New York, Fort Worth, and Los Angeles, respectively.

Available Office Space

The Next Steps Transition Workgroup realized that using existing office space for restructuring ATO Service Area offices would result in less cost to the ATO organization and reduce the time needed to restructure organizational elements. Hence, the workgroup conducted an informal survey of each potential relocation site to determine availability of office space needed for restructuring. Based on survey results, Atlanta, Fort Worth, and Seattle were identified as sites that space could easily be made available to accommodate restructuring ATO Service Area offices and support functions at Regional Office buildings. Other Regional Offices had either very limited, or no space available for restructuring.

Space Availability Findings: Survey results indicated that Atlanta, Fort Worth, and Seattle were the most feasible sites within their respective Areas for restructuring ATO Service Area offices. Not only did restructuring at these locations make sense from the standpoint of extant space availability, but it also made sense from a "least cost" and "least time to implement" perspective.

Quality of Life/Demographic Factors

Overview

The third area used by the Next Steps Transition Workgroup to evaluate potential restructuring sites for the future Service Area offices was the Quality of Life/Demographic Factors. The workgroup examined various factors in several airline industry and federal government studies in order to derive a set of Quality of Life/Demographic factors that would form the basis for comparing each of the nine potential sites for Service Area office restructuring. The following Quality of Life/Demographic factors were chosen by the workgroup.

- Cost of Living Index
- Home Cost Index
- Local Taxes
- Climate
- Crime Rate
- Local Diversity
- Air Quality
- Local Education
- Ability to Recruit/Retain
- Educational Opportunities
- Transportation (Commute)

The quality of life and demographic factors are important because they affect the ability to attract and retain a quality workforce. Factors such as affordable housing, crime rate, and traffic congestion weigh heavily in relocation decisions. A review of relevant data indicated a large number of highly skilled and qualified individuals often chose not to submit their names for consideration when permanent positions become available simply because of the location of the office. Additionally, attracting qualified personnel to fill FAA Regional Office assignments has traditionally been difficult. As personnel considered moving from a field locations, this often meant a reduced standard of living as they left the field location and assumed more of an "administrative role" in the Regional Office. Moreover, moving from the field to the Regional Office often meant moving to an area that had lower Quality of Life/Demographic factors than that of the field location.

In order to attract and retain the best and brightest individuals for permanent positions in the Service Area office, The Next Steps Transition Workgroup felt that the office should be located in an area that offered affordable homes, lower crime rate, and less traffic congestion. (See Appendix F for a map containing the location of each of the existing Regional Offices, together with the median home prices in the vicinity of these offices).

Description of the Quality of Life/Demographic Factors

This section contains a description of each of the Quality of Life/Demographic factors used by the Next Steps Transition Workgroup in evaluating the nine potential relocation sites. Each factor is listed below with a short description. (Appendix B contains the sources of the information used for the descriptions of the Quality of Life/Demographic factors).

Cost of Living Index – This index represents the total of all the following cost of living categories, weighted subjectively: housing – 30%; food and groceries – 15%; transportation – 10%; utilities – 6%; health care – 7%; and any miscellaneous expenses such as clothing, services, and entertainment – 32%. State and local taxes are not included in any category. The cost of living index is based on a national average of 100. An index of 150 would mean a cost of living 50% higher than the national average.

Home Cost Index – This is an overall cost of housing index that includes home costs, apartment rates, and property tax. Patterned after the cost of living index, the national average is 100. An index of 150 indicates a housing cost that is 50% higher than the national average.

Local Taxes – This factor represents the total of all income taxes for an area, including state, county and local taxes. Federal income taxes are not included.

Climate – This is a subjective evaluation of climatic conditions based on rainfall, snowfall, and temperature.

Crime Rate – This rate, per every 100,000 offenses, is based on four offenses: murder and non-negligent manslaughter, forcible rape, robbery, and aggravated assault.

Local Diversity – This factor is the percentage of the population indicating their race as a minority.

Air Quality – This is an air quality index based on annual reports from the EPA. Higher values are better (100 is best).

Local Education – This is the percentage of the area's population over the age of 25 with high school diplomas or high school equivalency degrees.

Ability to Recruit – This factor is an evaluation of city population and school graduation rates as they affect workforce recruiting.

Education Opportunities – This is an evaluation of the number and quality of local colleges/schools.

Public Transportation – This is an evaluation of public transportation availability.

Evaluation Methodology

The Next Steps Transition Workgroup performed the Quality of Life/Demographics factors evaluation in three steps: data collection, data analysis, and recommendations. During the data collection phase, the workgroup gathered data for each of the nine potential restructuring sites from a variety of sources -- sources that included city, state, and federal pamphlets, as well as relevant websites. A listing of these sources is found in Appendix C.

During the analysis phase, all nine potential locations were rated against each other using a Likert-like scale that ranged from a low of 0 points (*Major Disadvantage*) to a high of 5 points (*Major Advantage*). Appendix D contains the ratings for each of the Quality of Life/Demographics factors by site. The sites having the highest point totals for the Quality of Life/Demographics factors in each Service Area were considered for recommendation as restructuring sites (see Table 7).

Finally, based upon a roll-up of the individual ratings, for each of the Quality of Life/Demographic factors, the workgroup recommended a single site in each Service Area for restructuring.

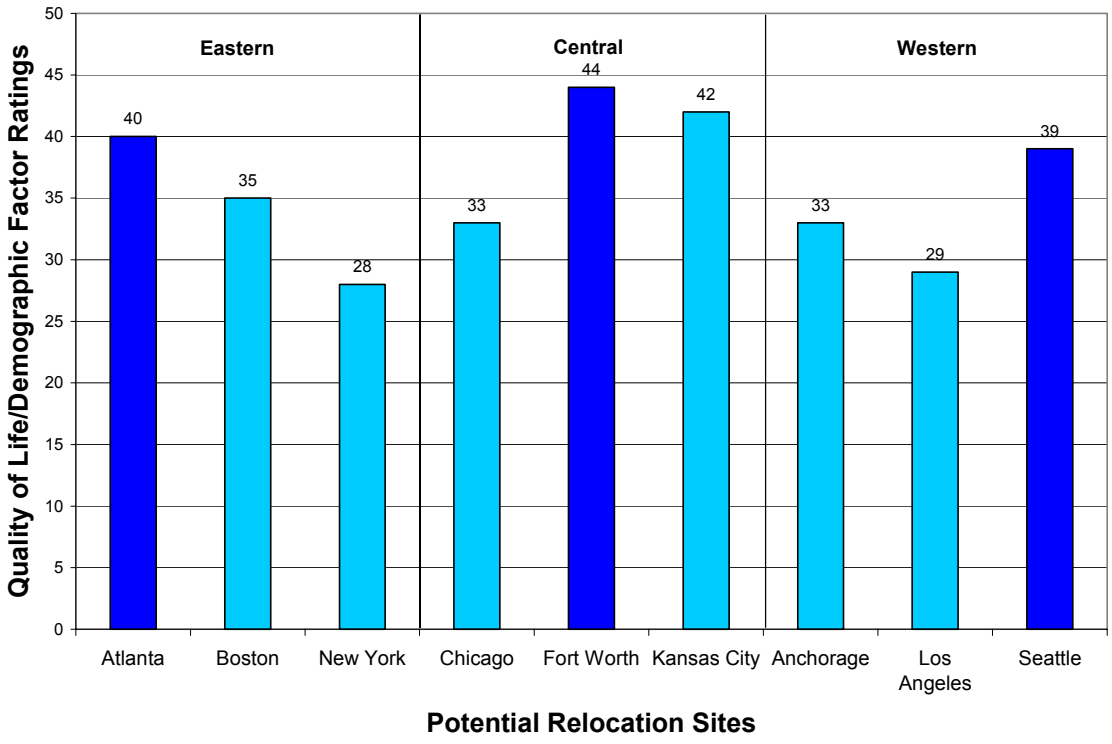


Figure 1. Quality of Life/Demographic Factor Ratings

Figure 1 shows a summary of the Quality of Life/Demographic Factor ratings for each potential relocation site. In the Eastern Service area, Atlanta, with 40 points, finished in first place, ahead of Boston (35 points) and New York (28 points). In the Central Service Area, Ft. Worth, with a score of 44 points, edged out Kansas City by 2 points. Chicago finished in third place with a score of 33 points. Finally, in the Western Service Area, Seattle achieved the top score of 39. Anchorage (33 points) and Los Angeles (29 points) finished in second and third place, respectively.

Quality of Life/Demographics Findings: Based upon a roll-up of individual Quality of Life/Demographics factor ratings, Atlanta, Fort Worth, and Seattle emerged as the leading contenders for the Eastern, Central, and Western Service Area restructuring sites, respectively.

Conclusions

To determine the best sites for restructuring the Service Area Offices, the Next Steps Transition Workgroup aggregated the rankings and ratings for each of the nine potential sites against the chosen evaluation criteria. Table 7 shows the aggregation of these rankings and ratings. The sites were rated against the following criteria:

- Flight destination options from major airport(s) in the vicinity of the potential site
- Average commute times
- Locality pay
- Cost of PCS moves
- Availability of office space
- Quality of Life/Demographic factors

An examination of Table 7 shows that Atlanta, Ft Worth, and Seattle ranked either first or second in each of these rated categories: average commute times, locality pay, cost of PCS moves, availability of office space, and Quality of Life/Demographic factors. Additionally, these three sites each had positive ratings for the flight destination options and office space availability criteria. Although other sites ranked first in some categories, overall, Atlanta, Fort Worth, and Seattle emerged as the leading contenders for Service Area Office locations in their respective Service Areas. Thus, the data showed that Atlanta, Fort Worth, and Seattle are the sites best suited for Service Area Office restructuring (See Appendix E).

Locality Pay Cost Savings: 10-year Projection

Restructuring the ATO Service Area Offices and centralizing the managerial, administrative, and business support functions at the Atlanta, Ft Worth, and Seattle sites leads to a significant cumulative cost savings in locality pay. Figure 2 shows a projection of the ranges of the anticipated cost savings in locality pay over a 10-year period by moving from nine locations to three.

In Figure 2, the plot with the triangles shows a high-end estimate of the cumulative locality pay cost savings by year. Over a span of 10 years, cumulative cost savings are estimated at approximately $40.54 million. The plot with the squares in Figure 2 shows a more conservative, or low-end estimate of $37.84 million in cost savings over 10 years. Both estimates assume that a 10% attrition rate will occur in the move population by April FY06, the timeframe when the first personnel moves are expected to occur. Both also assume a 3% growth rate in salaries. The high-end estimate assumes a 32.85% overhead,[12] while the low-end estimate assumes an overhead of 24%.

[12] Overhead includes costs directly related to payroll such as retirement, medical, the retirement portion of medical, and a few miscellaneous items.

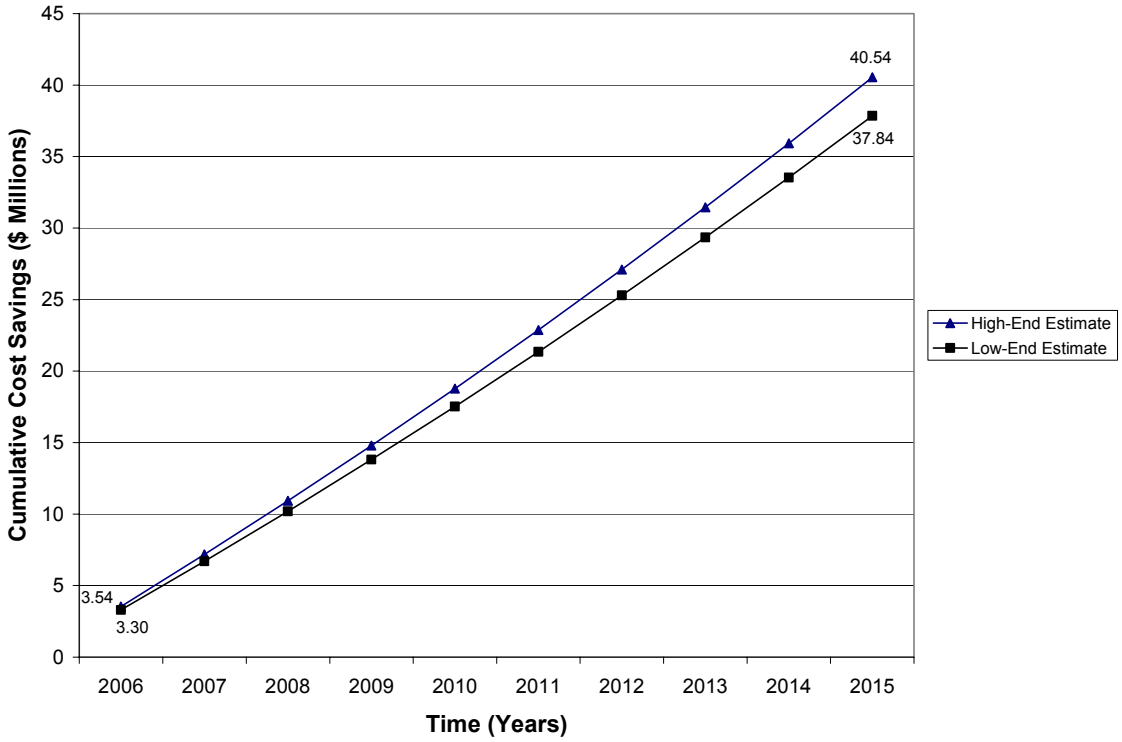


Figure 2. 10-Year Locality Pay Cost Savings

Recommendations

Based on an examination of the supporting data and the conclusions drawn above, the Next Steps Transition Workgroup recommends the sites below as the locations for the restructured Service Area Offices.

- Eastern Service Area – The regional office located in Atlanta, Georgia
- Central Service Area – The regional office located in Fort Worth, Texas
- Western Service Area – The regional office located in Seattle, Washington

Table 7. Summary of Selection Criteria Rankings by Potential Site

	Atlanta	Boston	New York	Chicago	Kansas City	Fort Worth	Anchorage	Seattle	Los Angeles
Flight Destination Options	+	+	+	+	+	+	-	+	+
Commute Times	1	2	3	3	1	2	1	2	3
Locality Pay	1	2	3	3	1	2	3	1	2
PCS Moves	2	3	1	2	3	1	3	2	1
Office Space Availability	+	-	-	-	-	+	-	+	-
Quality of Life/Demographics	1	2	3	3	2	1	2	1	3

APPENDIX A: Next Steps Transition Workgroup

Members of the original Next Steps Transition Workgroup include the following:

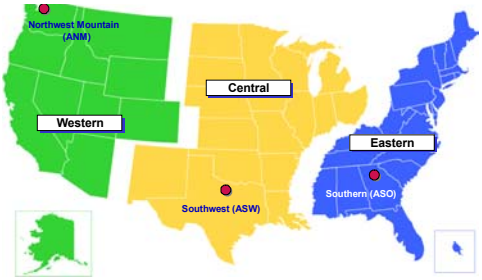
Terry Bruner	Southwest Regional Office
Mary Golia	National Operations Group
Paul Jester	System Operations, ATCSCC
Mike Sammartino	System Operations, ATCSCC
John Pipes	ATO Transition Team
Paul Sheridan	Flight Services Safety and Operations Support
Keith Thompson	Great Lakes Regional Office
Raul Trevino	Western En Route Operations
Carmella Vaccarella	ATO Transition Team

Individuals joining the workgroup since January 2005.

Barry Boshnack	Technical Operations, Mission Support
Jim Burgan	Tactical Operations, System Operations, Western Pacific
Heather Hemdal	Regional Executive Manager, New England Region
Bill Lindsey	Technical Operations, Eastern Service Area Office
Jack Nager	Technical Operations, ATC Facilities
Gus Nezer	Western Terminal Service Area Office
Rob Strong	Technical Operations, Engineering Services

APPENDIX B: Current Regional Office and Service Area Office Locations

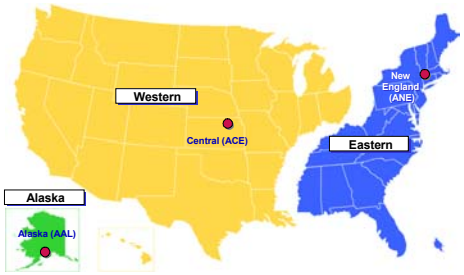
En Route Service Areas



Technical Operations Service Areas

Terminal Service Areas

Flight Services Service Areas



APPENDIX C: Sources for the Quality of Life/Demographics Factors

Airline Information: Midway International Airport. FlyChicago.com
http://www.flychicago.com/midway/airlines/airlines_home.shtm

Airlines. Massport. http://www.massport.com/logan/airli.html

Alaska. QuickFacts. http://quickfacts.census.gov/qfd/states/02000.html

Anchorage, AK. Bureau of Labor Statistics, U.S. Department of Labor.
http://www.bls.gov/eag/eag.ak_anchorage_msa.htm

Atlanta – Sandy Springs – Marietta, GA. Bureau of Labor Statistics, U.S. Department of Labor. http://www.bls.gov/eag/eag.ga_atlanta_msa.htm

Boston – Cambridge – Quincy, MA-NH. Bureau of Labor Statistics, U.S. Department of Labor. http://www.bls.gov/eag/eag.ma_boston_mn.htm

Chicago – Naperville – Joliet, IL. Bureau of Labor Statistics, U.S. Department of Labor.
http://www.bls.gov/eag/eag.il_chicago_md.htm

Commercial Carriers at O'Hare International Airport. FlyChicago.com
http://www.flychicago.com/ohare/airlines/airlines_commercial.shtm

DFW Airline Guide. http://www,dfwairport.com/airlines/

Fort Worth – Arlington, TX. Bureau of Labor Statistics, U.S. Department of Labor.
http://www.bls.gov/eag/eag.tx_fortworth_md.htm

Kansas City, MO-KS. Bureau of Labor Statistics, U.S. Department of Labor.
http://www.bls.gov/eag/eag.mo_kansascity_msa.htm

Los Angeles – LongBeach – Glendale, CA. Bureau of Labor Statistics, U.S. Department of Labor. http://www.bls.gov/eag/eag.ca_losangeles_md.htm

Map of Alaska: Major Transportation Facilities. Bureau of Transportation Statistics.
http://www.bts.gov/publications/state_transportation_profiles/alaska/html

Map of California: Major Transportation Facilities. Bureau of Transportation Statistics.
http://www.bts.gov/publications/state_transportation_profiles/california/html

Map of Georgia: Major Transportation Facilities. Bureau of Transportation Statistics.
http://www.bts.gov/publications/state_transportation_profiles/georgia/html

Map of Illinois: Major Transportation Facilities. Bureau of Transportation Statistics.
http://www.bts.gov/publications/state_transportation_profiles/illinois/html

Map of Kansas: Major Transportation Facilities. Bureau of Transportation Statistics. http://www.bts.gov/publications/state_transportation_profiles/kansas/html

Map of Massachusetts: Major Transportation Facilities. Bureau of Transportation Statistics. http://www.bts.gov/publications/state_transportation_profiles/massachusetts/html

Map of New York: Major Transportation Facilities. Bureau of Transportation Statistics. http://www.bts.gov/publications/state_transportation_profiles/new_york/html

Map of Texas: Major Transportation Facilities. Bureau of Transportation Statistics. http://www.bts.gov/publications/state_transportation_profiles/texas/html

Map of Washington: Major Transportation Facilities. Bureau of Transportation Statistics. http://www.bts.gov/publications/state_transportation_profiles/washington/html

New York – Northern New Jersey – Long Island, NY-NJ-PA. Bureau of Labor Statistics, U.S. Department of Labor. http://www.bls.gov/eag/eag.ny_newyork_msa.htm

Sea-Tac Airport: Expansion Projects. Port of Seattle http://www.portseattle.org/seatac/expansion

Sea-Tac Airport: The Airlines. Port of Seattle http://www.portseattle.org/seatac/traveler/theairlines.shtml

Seattle – Bellevue – Everett, WA. Bureau of Labor Statistics, U.S. Department of Labor. http://www.bls.gov/eag/eag.wa_seattle_md.htm

World Airport Guides. Kansas City MCI http://www.kansas-city-mci.com/airlines.html

World Airport Guides. Los Angeles LAX http://www.los-angeles-lax.com/airlines.html

APPENDIX D: Quality of Life/Demographics Factors

This appendix contains a series of 12 tables with the Next Steps Transition Workgroup ratings on the Quality of Life/Demographics factors. Eleven tables contain ratings for each factor. The twelfth table contains a summary of Quality of Life/Demographic Factors by potential relocation site.

Table D-1. Quality of Life/Demographics Rating: Cost of Living Index

Potential Site	Quality of Life/ Demographics Rating: Cost of Living Index						
	Major Disadvantage (0 Points)	Disadvantage (1 Point)	Slight Disadvantage (2 Points)	Slight Advantage (3 Points)	Advantage (4 Points)	Major Advantage (5 Points)	Point Total
Atlanta – 109					X		**4**
Boston – 132				X			**3**
New York - 193.4	X						**0**
Chicago – 112			X				**2**
Kansas City – 94.1						X	**5**
Fort Worth - 104						X	**5**
Anchorage – 147			X				**2**
Seattle - 136			X				**2**
Los Angeles – 146			X				**2**

Table D-2. Quality of Life/Demographics Rating: Home Cost Index

Potential Site	Quality of Life/ Demographics Rating: Home Cost Index						
	Major Disadvantage (0 Points)	Disadvantage (1 Point)	Slight Disadvantage (2 Points)	Slight Advantage (3 Points)	Advantage (4 Points)	Major Advantage (5 Points)	Point Total
Atlanta – 120.4					X		**4**
Boston – 160.9				X			**3**
New York - 293.4	X						**0**
Chicago – 117.3					X		**4**
Kansas City – 70.4						X	**5**
Fort Worth - 107						X	**5**
Anchorage – 133.5					**X**		**4**
Seattle – 192			X				**2**
Los Angeles – 199			X				**2**

Table D-3. Quality of Life/Demographics Rating: Local Taxes

Potential Site	Quality of Life/ Demographics Rating: Local Taxes						
	Major Disadvantage (0 Points)	Disadvantage (1 Point)	Slight Disadvantage (2 Points)	Slight Advantage (3 Points)	Advantage (4 Points)	Major Advantage (5 Points)	Point Total
Atlanta – 6.65				X			**3**
Boston – 5.96				X			**3**
New York – 10.52	X						**0**
Chicago – 3.0					X		**4**
Kansas City – 6.25				X			**3**
Fort Worth – 0.0						X	**5**
Anchorage – 0.0						X	**5**
Seattle – 0.0						X	**5**
Los Angeles – 6.5				X			**3**

Table D-4. Quality of Life/Demographics Rating: Climate

Potential Site	Quality of Life/ Demographics Rating: Climate						
	Major Disadvantage (0 Points)	Disadvantage (1 Point)	Slight Disadvantage (2 Points)	Slight Advantage (3 Points)	Advantage (4 Points)	Major Advantage (5 Points)	Point Total
Atlanta					X		**4**
Boston			X				**2**
New York				X			**3**
Chicago			X				**2**
Kansas City				X			**3**
Fort Worth						X	**5**
Anchorage		X					**1**
Seattle					X		**4**
Los Angeles						X	**5**

Table D-5. Quality of Life/Demographics Rating: Crime Rate

Potential Site	Quality of Life/ Demographics Rating: Crime Rate						
	Major Disadvantage (0 Points)	Disadvantage (1 Point)	Slight Disadvantage (2 Points)	Slight Advantage (3 Points)	Advantage (4 Points)	Major Advantage (5 Points)	Point Total
Atlanta – 2.7		X					**1**
Boston – 1.3				X			**3**
New York – 1.1					X		**4**
Chicago – 1.9			X				**2**
Kansas City – 1.2				X			**3**
Fort Worth – 1.4				X			**3**
Anchorage – 0.7						X	**5**
Seattle – 0.8						X	**5**
Los Angeles – 1.2				X			**3**

Table D-6. Quality of Life/Demographics Rating: Local Diversity

Potential Site	Quality of Life/ Demographics Rating: Local Diversity						
	Major Disadvantage (0 Points)	Disadvantage (1 Point)	Slight Disadvantage (2 Points)	Slight Advantage (3 Points)	Advantage (4 Points)	Major Advantage (5 Points)	Point Total
Atlanta – 73						X	**5**
Boston – 43.8			X				**2**
New York – 53					X		**4**
Chicago – 52					X		**4**
Kansas City – 36			X				**2**
Fort Worth – 42			X				**2**
Anchorage – 21	X						**0**
Seattle – 27		X					**1**
Los Angeles - 49				X			**3**

Table D-7. Quality of Life/Demographics Rating: Air Quality

Potential Site	Quality of Life/ Demographics Rating: Air Quality						
	Major Disadvantage (0 Points)	Disadvantage (1 Point)	Slight Disadvantage (2 Points)	Slight Advantage (3 Points)	Advantage (4 Points)	Major Advantage (5 Points)	Point Total
Atlanta – 12				X			**3**
Boston – 26					X		**4**
New York – 12				X			**3**
Chicago – 1		X					**1**
Kansas City – 37						X	**5**
Fort Worth - 1		X					**1**
Anchorage – 27					X		**4**
Seattle – 4			X				**2**
Los Angeles - 1		X					**1**

Table D-8. Quality of Life/Demographics Rating: Local Education

Potential Site	Quality of Life/ Demographics Rating: Local Education						
	Major Disadvantage (0 Points)	Disadvantage (1 Point)	Slight Disadvantage (2 Points)	Slight Advantage (3 Points)	Advantage (4 Points)	Major Advantage (5 Points)	Point Total
Atlanta – 77					X		**4**
Boston – 78					X		**4**
New York – 73				X			**3**
Chicago – 71			X				**2**
Kansas City – 73				X			**3**
Fort Worth - 80					X		**4**
Anchorage – 89						X	**5**
Seattle – 88						X	**5**
Los Angeles – 71			X				**2**

Table D-9. Quality of Life/Demographics Rating: Ability to Recruit

Potential Site	Quality of Life/ Demographics Rating: Ability to Recruit						
	Major Disadvantage (0 Points)	Disadvantage (1 Point)	Slight Disadvantage (2 Points)	Slight Advantage (3 Points)	Advantage (4 Points)	Major Advantage (5 Points)	Point Total
Atlanta						X	**5**
Boston				X			**3**
New York		X					**1**
Chicago				X			**3**
Kansas City						X	**5**
Fort Worth						X	**5**
Anchorage		X					**1**
Seattle						X	**5**
Los Angeles		X					**1**

Table D-10. Quality of Life/Demographics Rating: Education Opportunities

Potential Site	Quality of Life/ Demographics Rating: Education Opportunities						
	Major Disadvantage (0 Points)	Disadvantage (1 Point)	Slight Disadvantage (2 Points)	Slight Advantage (3 Points)	Advantage (4 Points)	Major Advantage (5 Points)	Point Total
Atlanta					X		**4**
Boston						X	**5**
New York						X	**5**
Chicago						X	**5**
Kansas City				X			**3**
Fort Worth					X		**4**
Anchorage			X				**2**
Seattle					X		**4**
Los Angeles							**5**

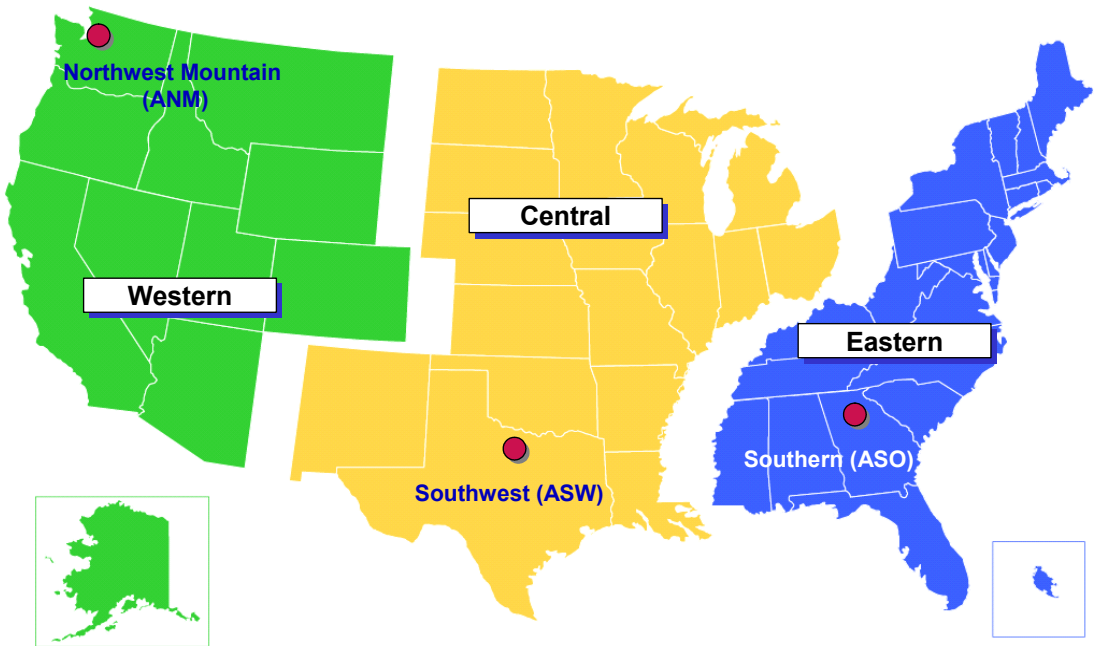
Table D-11. Quality of Life/Demographics Rating: Public Transportation

Potential Site	Quality of Life/ Demographics Rating: Public Transportation						
	Major Disadvantage (0 Points)	Disadvantage (1 Point)	Slight Disadvantage (2 Points)	Slight Advantage (3 Points)	Advantage (4 Points)	Major Advantage (5 Points)	Point Total
Atlanta				X			**3**
Boston				X			**3**
New York						X	**5**
Chicago				X			**3**
Kansas City						X	**5**
Fort Worth						X	**5**
Anchorage				X			**3**
Seattle					X		**4**
Los Angeles			X				**2**

Table D-12. Summary of Quality of Life/Demographic Factors by Potential Site

	Atlanta	Boston	New York	Chicago	Kansas City	Fort Worth	Anchorage	Seattle	Los Angeles
Cost of Living	4	3	0	3	5	5	3	2	2
Home Cost Index	4	3	0	4	5	5	4	2	2
Local Taxes	3	3	0	4	3	5	5	5	3
Climate	4	2	3	2	3	5	1	4	5
Crime Rate	1	3	4	2	3	3	5	5	3
Local Diversity	5	2	4	4	2	2	0	1	3
Air Quality	3	4	3	1	5	1	4	2	1
Local Education	4	4	3	2	3	4	5	5	2
Ability to Recruit	5	3	1	3	5	5	1	5	1
Education Opportunities	4	5	5	5	3	4	2	4	5
Public Transportation	3	3	5	3	5	5	3	4	2
Point Total	**40**	**35**	**28**	**33**	**42**	**44**	**33**	**39**	**29**

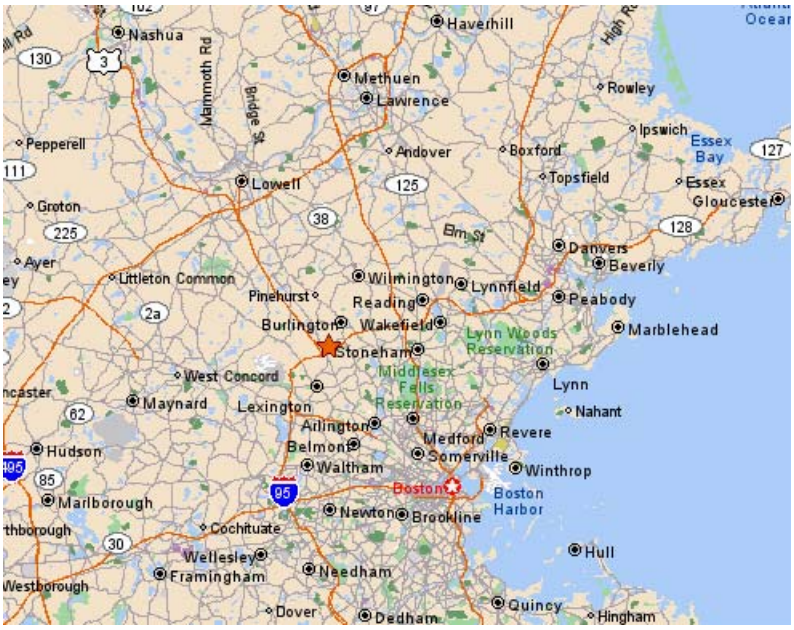
APPENDIX E: Restructured Service Area Offices



APPENDIX F: Existing Regional Office Locations

This appendix contains a map of the location of each of the existing Regional Offices, together with the median home prices in the vicinity of these offices.

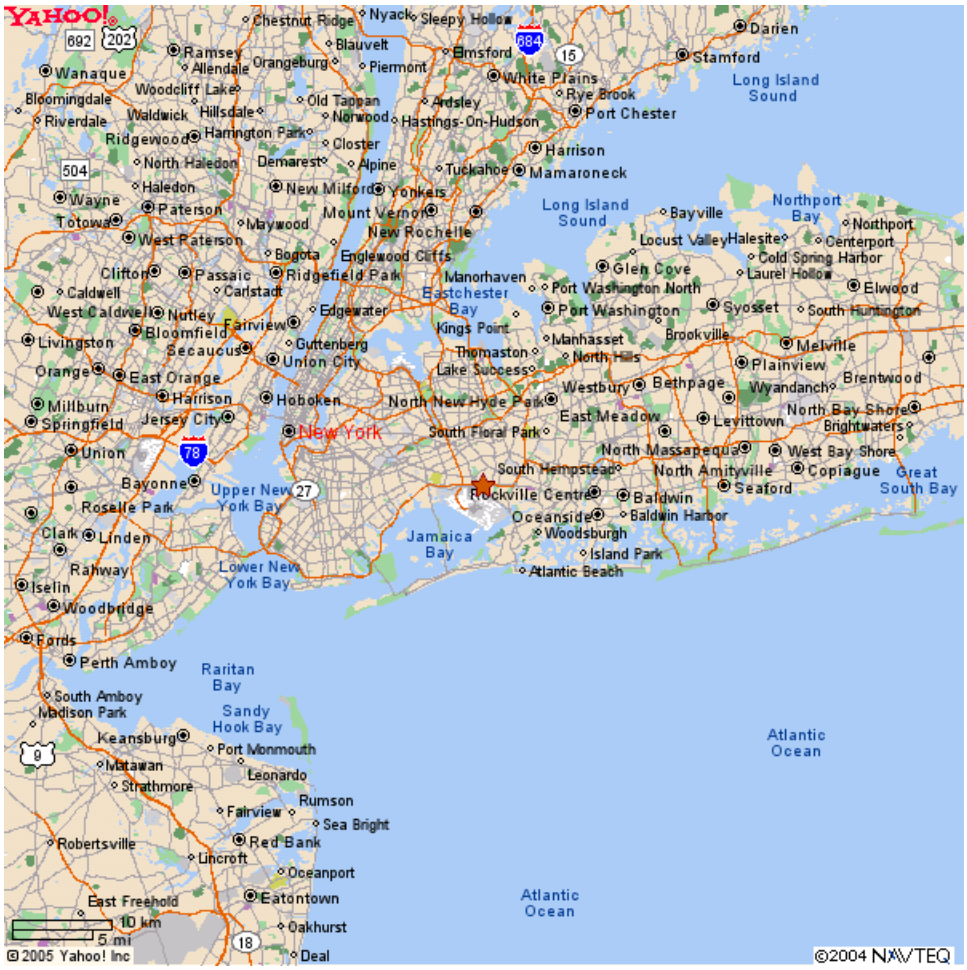
New England Regional Office



Median Home Prices for Selected Areas

Boston	$352,000
Stoneham	$304,000
Burlington	$350,000
Wilmington	$310,000
Lowell	$166,000
Nashua, NH	$144,000

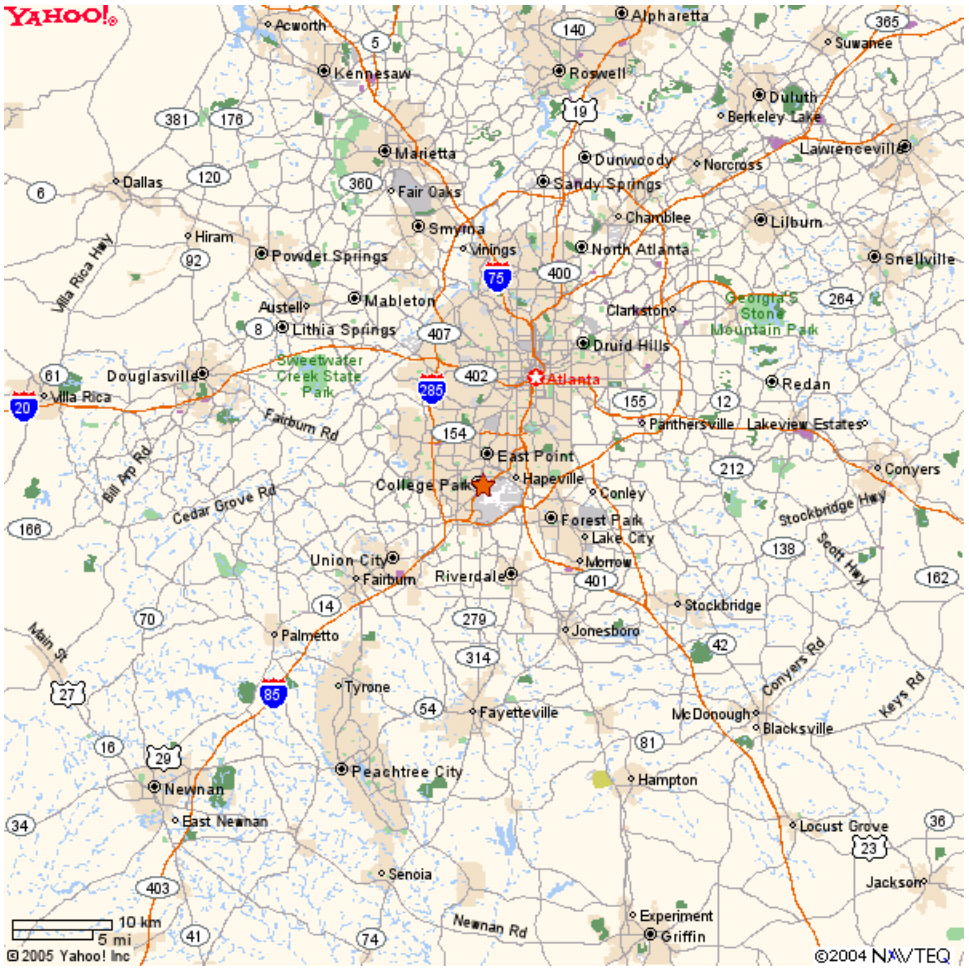
Eastern Regional Office



Median Home Prices for Selected Areas

New Hyde Park	$365,000
Rockville Centre	$450,000
Westbury	$290,000
Bethpage	$288,000
Seaford	$323,000
Melville	$450,000

Southern Regional Office



Median Home Prices for Selected Areas

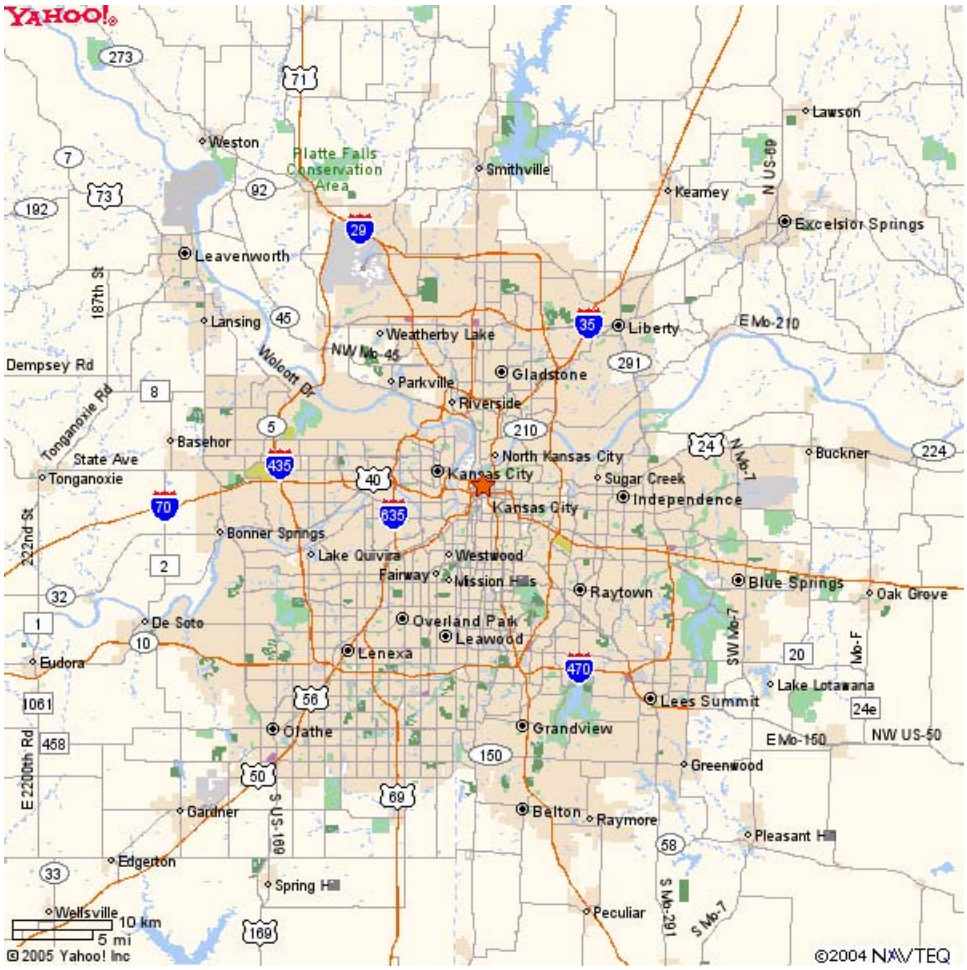
Atlanta	$227,000
Marietta	$172,000
Sandy Springs	$327,000
Peachtree City	$196,000
Smyrna	$147,000

Great Lakes Regional Office

Median Home Prices for Selected Areas

Chicago	$196,000
Schaumburg	$178,000
Palatine	$188,000
Arlington Heights	$250,000
Lake Forest	$624,000
Elmhurst	$187,000
Wilmette	$502,000

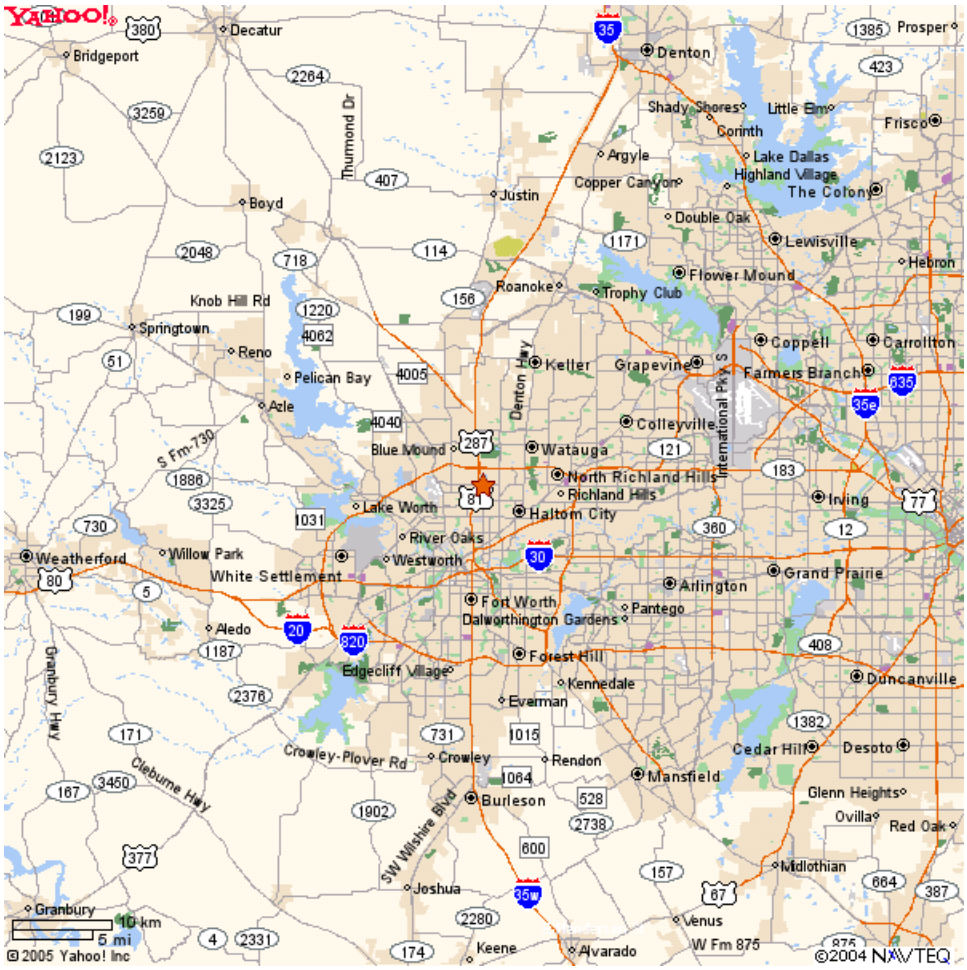
Central Regional Office



Median Home Prices for Selected Areas

Kansas City	$82,000
Liberty, MO	$122,000
Independence, MO	$103,000
Leawood, KS	$307,000
Olathe, KS	$176.000
Overland Park, KS	$192,000

Southwest Regional Office



Median Home Prices for Selected Areas

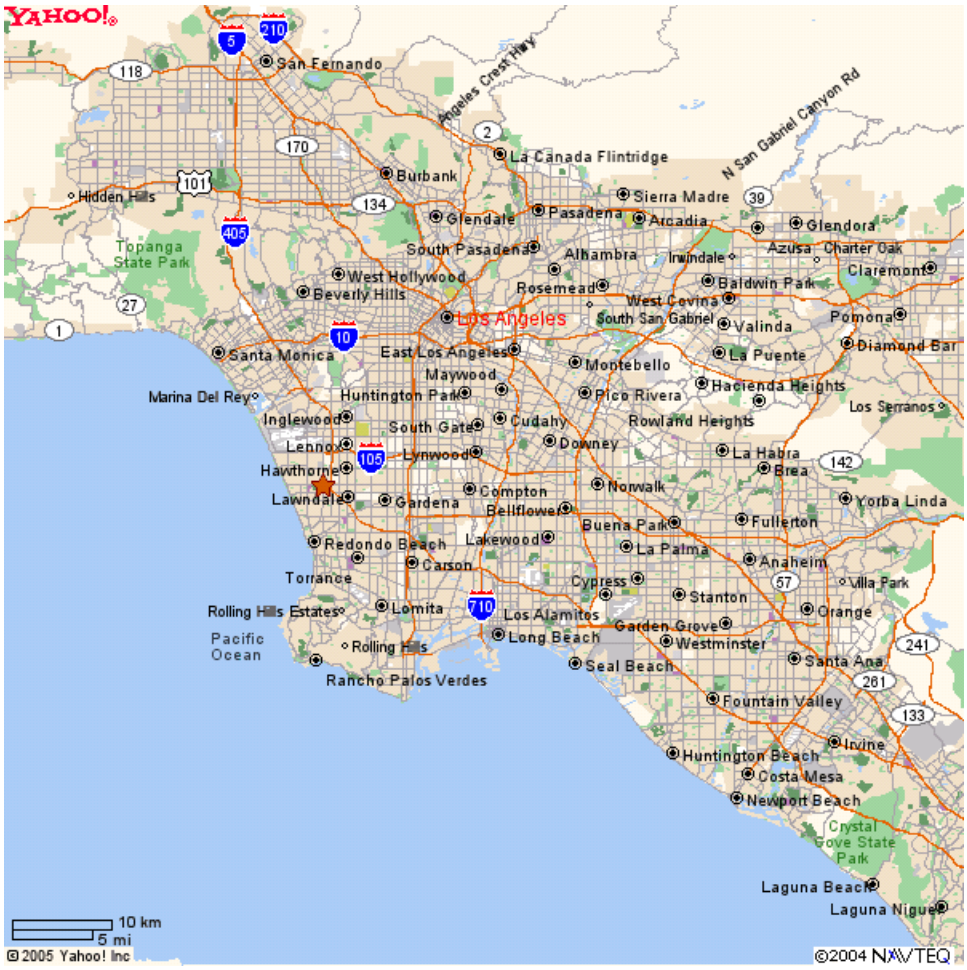
Fort Worth	$73,000
Watauga	$97,000
Arlington	$112,000
Irving	$129,000
Colleyville	$300,000
Keller	$204,000

Alaskan Regional Office

Median Home Prices for Selected Areas

Anchorage	$192,000

Western-Pacific Regional Office



Median Home Prices for Selected Areas

Manhattan Beach	$884,000
Anaheim	$340,000
Orange	$385,000
Tustin	$391,000
Thousand Oaks	$445,000

Northwest Mountain Regional Office

Median Home Prices for Selected Areas

Seattle	$259,000
Edmonds	$246,000
Kirkland	$280,000
Tacoma	$150,000